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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

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SUBJECT: Validity Study of the National Intelligence Estimates  
on India, 1951-1960

1. Introduction. Any attempt to write a validity study on the National Intelligence Estimates dealing with any country immediately raises a number of problems. The first, and most obvious, arises from the fact that almost any National Intelligence Estimate contains a considerable number of estimates, and to determine and discuss the accuracy of each would lead us into considerable unnecessary detail. Obviously, only the more important estimates can be examined and their accuracy discussed here. A particularly frustrating and largely unsolvable problem arises from the fact that it remains impossible to this day to tell whether many of the estimates made were good or bad, since they were based on contingencies which have not occurred. Also, predictions may

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have been good when they were made, but the event forecast did not occur because of a sharp change in US policy made after -- or perhaps even because of -- an NIE.

2. Another important factor concerning the validity of our papers is the prominence and strength of the judgments in them. Did we, for example, say ten years ago that India would continue its policy of nonalignment, or was this rated as only a slightly better than even chance? While it seems unlikely that the different shadings we use are noticed by all of our readers all of the time, some of our readers certainly are aware of some of the gradations. Finally, were the important trends which later developed discussed fully, or were our predictions about them buried in a sentence in the middle of a paragraph? While a study such as this cannot discuss every estimate by each of these standards, they should be kept in mind when an attempt is made to pass judgment on the record.

3. Since September 1951, when the first NIE on India was completed, we have published ten estimates dealing with various aspects of Indian affairs. Four of these dealt chiefly with India's role in international affairs (NIE-23, India's Position

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in the East-West Conflict, 4 September 1951; NIE-41, Probable Developments in the Kashmir Dispute to the End of 1951, 14 September 1951; NIE 50-57, Probable Developments in the Kashmir Dispute, 16 July 1957; and NIE 100-2-60, Sino-Indian Relations, 17 May 1960). Three were estimates which dealt with both domestic and international affairs (NIE-79, Probable Developments in South Asia, 30 June 1953; NIE 51-56, India Over the Next Five Years, 8 May 1956; and NIE 51-60, The Outlook for India, 25 October 1960). Two estimates were concerned with the consequences of the economic crises that occurred during India's attempt to carry out its Second Five-Year Plan (NIE 51-57, Consequences of Economic Crisis in India, 8 October 1957; and NIE 51-58, The Economic and Political Consequences of India's Financial Problems, 2 September 1958). The Special Estimate (SE-32, Consequences of Communist Control over South Asia, 3 October 1952) dealt entirely with the consequences for the free world if South Asia came under Communist control, so nothing pertinent can be said about its validity in this study.

4. Domestic Political Scene. The most striking feature about our appreciation of the domestic political scene is how little can be said about it -- largely because it has been so stable. Beginning in mid-1953 with NIE-79, we have consistently

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stated that the Congress Party would remain in office and continue to enjoy a strong political base in India for the foreseeable future. In NIE-79 we took the position that, while popular support of the Congress Party probably would decline over time -- and particularly after Nehru had left the scene....

"the present government is virtually assured of retaining power until the next general elections in 1957. Moreover, barring major setbacks to the economy it has an excellent chance of being returned to power in the central government and most of the states at that time."

At the same time, we stated in discussing the Communist Party of India, that....

"Although the Communists have not succeeded in exploiting their gains in the last elections to the extent that initially appeared possible, they may make further gains in the next elections. There is no present indication that they could gain control of the central government or even a place in a governing coalition, but they might possibly gain control of a few state governments."

Virtually the same views were expressed in NIE 51-56, India Over the Next Five Years, 8 May 1956.

5. The validity of these judgments -- first made nearly four years before the elections -- was clearly demonstrated by the results of the 1957 elections. The Congress Party won firm control of the national government and all but two of the

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state governments -- and in one of these they had a large enough plurality to enable them to form a government without serious difficulty. The Communists doubled their share of the popular vote and won control of one state government, although they were later removed from office in the state of Kerala and lost to an anti-Communist coalition in a special election.

6. In the papers written after the 1957 elections, we focused our attention largely on the outlook for the 1962 elections. In both NIE 51-57 and NIE 51-58 we estimated that if India received the foreign aid it needed to carry out the bulk of the Second Five-Year Plan (1956-1961), the Congress Party probably would be returned to power in 1962. In NIE 51-60, published in late 1960 when it was clear that India would be largely successful in carrying out the plan, we estimated that the Congress Party probably would retain its present strength as a result of the 1962 elections, and that the Communists, while likely to remain as the Congress Party's strongest rival, were unlikely to make significant gains in these elections. Unfortunately, it will be nearly a year before these judgments can be tested. All that can be said now is that six months later we would still make the same judgments.

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Economic Trends

7. The most striking feature of our earliest judgments on the Indian economic outlook is their pessimism. The general tone of our initial thinking is illustrated by the following excerpts from NIE-23 of September 1952:

"In the four years since liberation, India's basic problem of supporting a dense population with a backward and badly organized economy has become progressively more acute. Despite the efforts of the Indian Government, economic rehabilitation and development have not only failed to keep pace with a population growth of almost five million persons a year but have even failed to check the deterioration of existing production facilities....Unless a large-scale economic development program can be financed and effectively executed, India appears doomed to a steady decline in living standards, periodically intensified by crop failures....

"It is possible that outside assistance could check and in time halt the economic decline of India. In order to achieve this end, such aid would have to be substantial and would have to be continued for several years. Even if such aid were provided, the Indian Government might be unable to effect the sweeping and politically difficult social and economic changes required to achieve economic stability."

The discussion of India's economic future in NIE-79 was centered on its ability to carry out the First Five-Year Plan (1951-1956). While we were not quite so pessimistic, we still expressed serious misgivings about the economic outlook.

"Even with adequate financing, the program's success would be far from assured. While it appears to call for more

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modest increases in agricultural production than might theoretically be achieved, substantial progress in this central aspect of the program will depend on the government's ability to make the most of the limited administrative and technical skills at its disposal...."

8. Several points should be made about these estimates.

In the first place, the statement in NIE-23 that India's economy was deteriorating does not correspond to the facts. National income was increasing slightly more rapidly than population growth, even before India inaugurated its First Five-Year Plan (1951-1956). Thus from a factual error we proceeded to an unduly pessimistic discussion of the then current situation, casting serious doubts on the ability of the Indian government to execute any economic development plan and complying that substantial economic aid could at most "halt" India's economic decline -- although we did recognize that such aid could stabilize the situation. In NIE-79, while recognizing that India was making a serious attempt to deal with its economic problems, we still expressed doubts as to the country's ability to administer the relatively modest plan it had adopted.

9. To conclude that the unduly pessimistic outlook of these early NIE's due solely to poor work on our part, however, would be unduly -- even unfairly -- harsh. While it was true

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that we were in error as to India's progress immediately after independence, this was probably unavoidable as the first national income statistics -- which covered only 1948 -- were not published until early 1951. Secondly, we were writing at a time when India was experiencing several years of poor weather, which clearly influenced our outlook. However, the period was followed by several years of excellent weather which drastically changed the economic situation. Even allowing for these factors, however, we can only conclude that our early record erred on the side of pessimism.

10. Our record since the Indians successfully completed their First Plan is much better. In NIE 51-56, written just after the Second Five-Year Plan (1956-1961) began, we estimated that if India received large-scale foreign aid it would come close to achieving the goals of the plan, although a modest shortfall was likely. In retrospect this looks very good indeed, since about ninety percent of the plan was fulfilled. We even correctly estimated that the shortfall would probably occur in the public rather than private sector. However, our failure to question the Indian government's figures that about \$1.7 billion in foreign aid would enable India to carry out the plan did cause us later trouble. India actually needed over \$3 billion

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in aid to complete about 90 percent of the plan, and our failure to cast any doubts on the figures of the Indian government detracted from our generally sound estimate of the outlook for the plan.

11. We recognized that India's foreign aid needs were larger than originally specified in the plan when we published NIE 51-57. Even here, however, we underestimated the foreign aid that would be required, and had to revise our estimates upwards once again a year later in NIE 51-58. Perhaps it is wrong to say our estimates were wrong, for we -- and the pronoun here includes all US agencies -- could do little more than make very rough guesses as to whether or not the Indian figures were reasonable in the absence of a thorough costing study of the Second Plan. The lesson from these experiences would appear to be that we should express a healthy skepticism about the figures of any government when they are projected as far as five years ahead, and warn our readers to regard them with reserve. This is hardly a satisfactory solution for US policymakers who are attempting to formulate and execute a foreign aid program, but given the state of economic forecasting we cannot yet expect to do much more.

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12. One final point needs to be made about NIE 51-57 and NIE 51-58. Despite our discovery that India's foreign aid requirements were larger than originally believed, we estimated in NIE 51-57 that if India received the foreign aid needed to carry out the Second Plan -- which had been somewhat reduced in scope -- it would be about to fulfill about 85-90 percent of the original goals. In NIE 51-58, however, we stated that even if India obtained the aid it was seeking it probably would fulfill only 75-80 percent of the plan. Yet India by this time needed less than \$500 million more in aid, having just received \$600 million from Western countries.

13. Our pessimism in NIE 51-58 probably was due to two factors. Having been overly optimistic -- or so we thought -- in the previous two estimates, we tended to lead heavily in the opposite direction. Secondly, the previous year had been a difficult one for India. A severe drought which sharply reduced agricultural production, and a pause in the previously steady industrial expansion caused us to wonder if India's effort was bogging down. In effect, we mistook a pause -- serious though it was -- for a shift downwards in the trend of economic growth.

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Military Affairs

14. There is little that can usefully be said about our judgments concerning Indian military matters. Almost all of these judgments were based on contingencies which have not come to pass. For example, we have consistently estimated that India would defeat Pakistan in any war between the two. Fortunately, we have no certain basis for judging its accuracy, although we would make the same judgment if asked our opinion today.

15. The only judgment we made that has clearly been tested did prove accurate. In NIE 51-56 we said that India was determined to maintain military superiority over Pakistan and would therefore carry out an extensive military modernization program, perhaps even purchasing some Soviet equipment. While we were correct in this assessment, it was not really a particularly difficult one in view of the military aid the US was extending to Pakistan and the state of Indo-Pakistani relations.

International Affairs

16. As long ago as September 1951 we said in NIE-23 that....

"there is little reason to expect an early change in India's policy of neutralism. Nehru, who is largely responsible for the formulation and promotion of these policies, is a man of strong conviction."

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We have steadily adhered to this judgment in all of the Indian estimates during the ensuing decade. Thus our judgments on the broad outline of Indian foreign policy have been consistent and, at least to date, accurate. While in retrospect it does not seem surprising that we took this view, a decade ago there was far less knowledge of India as a country and neutralism as a force -- including a widespread belief that a neutral position between the contending world powers was impossible.

17. When we discussed India's policy toward the West in our early papers we stressed that in Indian eyes the Western powers were still regarded primarily as colonialists bent on preserving their influence in Asia regardless of the interests and desires of the Asians, and that this attitude played a heavy role in their relations with the West. Nevertheless, in NIE 51-56 we stated that....

"India will almost certainly wish to remain on good terms with the US even in the face of some continuing differences over particular international issues. India's leaders will probably retain strong cultural bonds with the West....Should substantial progress be made in the next five years in liquidation of such colonial problems as those of Goa and French North Africa, a collateral irritant in US-Indian relations would have been removed. Should the US and other Western nations continue to provide substantial assistance in support of India's development program and in addition demonstrate increased sympathy and understanding for the nationalist aspirations and

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the policy of nonalignment of India and other colonial and ex-colonial countries, a significant improvement in the tenor of Indian relationships with the US would probably take place.... At best, however, differences and frictions would probably continue to arise between the US and India...."

In both NIE 51-57 and NIE 51-58 we commented that India's need for large-scale Western aid, combined with a growing suspicion of the Communist Bloc, was causing India to be less suspicious of the West. In NIE 51-60 we commented that while India remained firmly attached to its policy of nonalignment...

"India's relations with the West have improved significantly in recent years, and this trend seems likely to continue....Although Indo-US relations will periodically be marked by differences over specific international issues, relations probably will remain good as long as India continues to believe US foreign policy is directed toward the maintenance of world peace and to the support of India's economic development program."

18. In discussing India's attitude toward the Communist bloc, we stated in NIE-23 that....

"In practice, India has not only taken pains to disassociate itself politically from the West but has also demonstrated a strong tendency toward appeasement of the Communist bloc. Nehru concedes that the USSR is an aggressive and expansionist power, but he argues that Soviet expansionism should be checked primarily by preventing the development of 'revolutionary situations' which invite Soviet intervention, rather than by the development of military defenses against the USSR. He has also argued against a militant attitude toward

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Communist China because of the conviction that Mao's victory over the US-backed Nationalist regime in China was a major triumph for Asian nationalism...and that militancy would force Communist China into closer association with the USSR."

We correctly estimated in NIE 51-56 that India would expand its cultural and economic contacts with the Soviet bloc as long as the Communist powers continued their efforts to win Indian friendships -- an estimate borne out by events in the past five years. In NIE 51-57 and NIE 51-58 we noted that India's suspicion of Communist intentions was growing in the wake of such events as Hungary and the renewal of the rift with Tito, but that India's desire for Soviet aid and Soviet support on Kashmir would still make India desirous of amicable relations with the USSR. We also stated in NIE 100-2-60 that despite the development of the Sino-Indian conflict....

"India's willingness to cooperate more closely with the West will also be limited by a hope that the USSR will restrain Communist China, although Indian leaders are aware that there are limits on Soviet ability and willingness to influence Peking."

In general, then, our judgments on Indian policy toward the West and the USSR have been correct, at least to date.

19. Our record with respect to Sino-Indian relations has been less successful. In our early estimates we stressed India's

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attempts to get along with Communist China, but in NIE 51-56 we discussed -- though very briefly -- India's suspicions of Chinese Communist aims in the Himalayas and the growing Indian awareness that, like it or not, India and China were engaged in a rivalry for influence in Asia. However, we gave little indication that a direct Sino-Indian conflict might develop along the Himalayan frontier despite our discussion of a growing atmosphere of suspicion between the two countries. In part this was a failure to estimate India's determination to attempt to control as much of the frontier as possible, but it was also a failure to foresee Communist China's more aggressive attitude.

20. There are a number of reasons we failed to foresee that the Sino-Indian conflict would become acute in the Himalayan frontier. Perhaps the most important one was that the Tibetan revolt, which caused China to bring its troops up to the Indian frontier and adopt a belligerent policy toward India, was not foreseen. (In part, of course, this was due to our lack of knowledge about the aid being given the Tibetan anti-Communists before the revolt occurred.) However, it would appear that we formed a mental image of an India determined to be friendly with Communist China, and a Communist China

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desirous, if not as determined, to maintain amicable relations with India. Once we accepted this as the pattern of behavior, we projected it into the future, overlooking the fact that the two countries had overlapping boundary claims. Since neither country was anxious to publicize these claims -- and indeed, went to some length to play them down -- perhaps we should not be too surprised that we failed to foresee the conflict, especially since the last full-scale estimate was published three years before the conflict. (NIE 51-57 and NIE 51-58 dealt only briefly with foreign affairs.) Yet despite these explanations of why we failed to foresee the conflict, the fact remains that if we had discussed it at least as a possibility we would today be able to point to it as an example of a first-rate estimate.

21. One of the major subjects dealt with in our estimates during the past decade has been the outlook for relations between India and Pakistan, the two major powers on the subcontinent. Our first effort to forecast developments in this field was in September 1951, when NIE-41 was devoted exclusively to the Kashmir dispute, which has always been the touchstone of their relations. Perhaps the first point to note about this estimate is that it was written at a time when tension over the Kashmir

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dispute was very high. The UN was still actively seized with the dispute, the Pakistanis were threatening war to prevent India from carrying out its plans to integrate Indian-held Kashmir with the rest of India, and the troops of both countries were moving into positions opposite each other both in Kashmir and in the Punjab.

22. Despite this threatening situation, we estimated that India would proceed with its plans for integrating Kashmir and that it was unlikely that Pakistan would deliberately precipitate war over the issue. This judgment was based on the grounds that Pakistan's leaders had not lost hope of achieving their goals through UN action and, even more important, that they realized they would lose any war with India. In addition, we estimated that there was some chance of unpremeditated war developing out of the explosive situation, and that the dangers would remain as long as nothing was done to reduce tensions. It is difficult to judge today whether we were right or merely fortunate in this estimate, for about a month after it was made Prime Minister Liaquat Ali Khan of Pakistan was assassinated by an unknown Afghan, and the tension rapidly evaporated as Pakistan turned its attention to internal political questions.

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23. In all of our estimates between 1951 and 1960 we estimated that, while there was little likelihood of renewed hostilities, there was little prospect of a settlement of the Kashmir dispute. In NIE-79 we correctly pointed out that, although relations were better than at any time since partition, conclusion of a military assistance agreement between Pakistan and the West would increase tension in the subcontinent but would probably not lead to war. We stated in NIE 100-2-60 that India and Pakistan had made considerable progress in settling a number of their lesser disputes, and that a solution of the division of the Indus River waters was likely -- an event which occurred in late 1960. It was only in NIE 51-60, however, that for the first time we estimated that the chances for a settlement of the Kashmir dispute had risen appreciably. We then estimated there was about an even chance of such a settlement during the next few years, an estimate upon which a judgment will be possible only in the future.

#### Conclusions

24. Judged as objectively as is possible, it would appear that the intelligence community's record in estimating developments in India during the last decade is a good one. Domestic political

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trends and international developments -- except the Sino-Indian dispute -- were accurately forecast. After an uncertain start, our judgments on India's economic prospects were generally good.

25. Yet it would be well to point out that there is one feature about India which makes it unique among the under-developed nations -- indeed among all the major nations of the world. It is the only major country which has been led -- indeed dominated -- by a single political leader for so long a time. When Prime Minister Nehru assumed power in 1947 such leaders as Truman, Attlee, De Gasperi, Schumann, Stalin were still in power. Even Mao and Adenauer, who today rank as long-time leaders, were still in the wings. Thus the task of estimating future trends in India was probably somewhat less difficult than in most places, for while it was not clear that Nehru would last this long, it was clear that his position was extremely strong and that if we could "read" Nehru correctly our task would be manageable. Since Nehru was in his mid-fifties, had formed his basic political and economic convictions and written voluminously about them, we were able to do so.

26. Yet even Nehru, while he probably has a number of years left, will pass from the scene in the not too distant

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future. With his passing, our task will become much more difficult, as regionalism, casteism, communalism and the myriad other disruptive forces in India, which have been held in check by Nehru's dominating influence, rise to the surface. The outcome of the likely clash between these forces and the more modern forces of nationalism, economic development, secularism and democracy will be far more difficult to estimate than past trends. So far we have been generally successful by projecting forward India's past behavior -- a tendency which may serve us less usefully in the future. An answer to the oft-posed question, "After Nehru, what?" will raise serious problems for us as well as for India.



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